

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

IN THE MATTER OF: PAEZ REAL ESTATE FUNDING AND  
JUAN PAEZ

)  
)  
) File No. 04000252  
)

CONSENT ORDER

TO THE RESPONDENT: Paez Real Estate Funding  
Juan Paez  
5033 South Knox  
Chicago, Illinois 60632

WHEREAS, Paez Real Estate Funding and Juan Paez on November 14, 2006 executed a certain Stipulation To Entry Of Consent Order (the "Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, the Respondents have admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing in this matter and the Respondent has consented to the entry of this Consent Order.

WHEREAS, the Secretary of State, by and through his designated representative, the Securities Director, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceeding.

WHEREAS, the Respondents have acknowledged and agreed that the allegations contained in paragraph seven (7) of the Stipulation shall be adopted as the Secretary of State's Findings of Fact as follows:

1. Christian Dream Builders Financial Planning, Inc. is an Illinois registered Corporation with a last known business address of 20180 Governor's Highway, Suite 310, Olympia Fields, Illinois 60461;
2. Kenneth D. Bivens ("Bivens") is the President and Incorporator of Christian Dream Builders Financial Planning, Inc.;
3. Paez Real Estate Funding is a purported Illinois business entity with a last known business address of

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5033 South Knox, Chicago, Illinois 60632; Juan Paez is the principal and/or owner of Paez Real Estate Funding with the same last known address;

4. From on or about May 1998 to the present, Kenneth D. Bivens and Christian Dream Builders Financial Planning, Inc. offered and sold Promissory Notes ("Notes") to Illinois investors. The Notes were for a term of 90 days and had a represented 25% return on investment. Additionally, the Notes stated that they were a legal lien against Christian Dream Builders Financial Planning, Inc. and its assigns; that in case of suit or collection proceedings against Christian Dream Builders Financial Planning, Inc. for collection of the Notes, Kenneth D. Bivens agreed to pay reasonable attorney's fee and court costs; and that Kenneth D. Bivens or his estate would be liable for the Notes in case of his death or the business dissolution of Christian Dream Builders Financial Planning, Inc.;
5. Some of the notes described above were sold by Juan Paez and Paez Real Estate Funding from May 2004 to January 31, 2005;
6. Juan Paez, Paez Real Estate Funding, Kenneth D. Bivens and Christian Dream Builders Financial Planning, Inc. represented to investors both orally and in written materials that Christian Dream Builders Financial Planning, Inc. was in the real estate business (amongst other business activities) and that their investment money would be used to purchase and rehabilitate residential property for later resale;
7. From on or about May 28, 1998 to May 2004, Kenneth D. Bivens and Christian Dream Builders Financial Planning, Inc. received about \$5,955,842 in investors' funds through the offer and sale of the above referenced Promissory Notes to about 330 Illinois resident investors which were deposited into an account in the name of Christian Dream Builders Financial Planning, Inc. (the "Bank Account");
8. Also during this time period, approximately \$1,374,120 in cash, money orders, cashier's check withdrawals and transfers of funds to his personally held bank accounts were made by Kenneth D. Bivens from the Christian Dream Builders Financial Planning, Inc. bank account;

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9. The majority of the funds deposited into the Christian Dream Builders Financial Planning, Inc. bank account originated from investor moneys and did not include any significant, identifiable income from the operation of any business, including real estate transactions, by Christian Dream Builders Financial Planning, Inc. and/or Kenneth D. Bivens. Additionally, money from new investors was used to pay back previous investors;
10. Kenneth D. Bivens and Christian Dream Builders Financial Planning, Inc. have been found to have committed securities fraud and other violations of the Illinois Securities Act in an administrative order issued by the Secretary of State, Illinois Securities Department on December 28, 2004 and July 12, 2005;
11. The above-referenced Promissory Notes are securities as that term is defined pursuant to Section 2.1. of the Illinois Securities Law of 1953 [815 ILCS 5/1 et seq.] (the "Act");
12. Section 12.F of the Act provides, inter alia, that it shall be violation of the Act for any person to engage in any transaction, practice or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchase or seller thereof;
13. Section 12.G of the Act provides, inter alia, that it shall be a violation of the Act for any person to obtain money or property through the sale of securities by means of any untrue statement of material fact or any omission to state a material fact necessary in order to make the statement made, in the light of the circumstances under which they were made, not misleading;
14. Section 12.I of the Act provides, inter alia, that it shall be a violation of the Act for any person to employ any device, scheme or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly;
15. That Juan Paez and Paez Real Estate Funding acted as agents or salespersons of Christian Dream Builders Financial Planning, Inc:
  - a. Juan Paez and Paez Real Estate Funding mailed or caused to be mailed offering and transaction

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documents regarding the above-described securities which contained on the top of the documents the name of Paez Real Estate Funding;

- b. Juan Paez met with individual investors to describe the investment and told investors that he also had invested. Additionally, he took completed investment documents and their initial investment proceeds from investors to Kenneth Bivens and vice versa; and
  - c. Juan Paez and Paez Real Estate Fundings received from Christian Dream Builder Financial Planning, Inc. \$5,462.43 in commission payments;
- 16. All of the activities as described in Paragraph 14 above took place while Paez and Paez Real Estate Funding were not registered in the State of Illinois as Salespersons;
  - 17. Section 8.A of the Illinois Securities Act, 816 ILCS 5/1 et seq. (the Act) provides, inter alia, that except as otherwise provided in subsection A, every salesperson shall be registered as such with the Secretary of State;
  - 18. Section 12.A of the Act provides, inter alia, that it shall be a violation of the provisions of the Act for any person to offer or sell any security except in compliance with the provisions of the Act;
  - 19. Section 12.C of the Act provides, inter alia, that it shall be a violation of the provisions of the Act for any person to act as a salesperson unless registered as such, where such registration is required under the provisions of the Act;
  - 20. Section 12.D of the Act provides, inter alia, that it shall be a violation of the Act for any person to fail to file with the Secretary of State any document required to be filed under any provision of the Act;
  - 21. At all times relevant hereto, Juan Paez and Paez Real Estate Funding failed to file an application for registration of Juan Paez and Paez Real Estate Funding as salespersons with the Secretary of State and Juan Paez and Paez Real Estate Funding were not registered with the Secretary of State during all relevant times;

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22. By virtue of the foregoing, Juan Paez and Paez Real Estate Funding have violated Sections 12.A, 12.C 12.D, 12.F, 12.G and 12.I of the Act;
23. Section 11.E(2) of the Act provides, inter alia, that if the Secretary of State shall find that any person has violated subsection C, D, F, G or I of Section 12 of the Act, the Secretary of State may by written order prohibit the person from offering or selling any securities in this State;
24. Section 11.E(4) of the Act provides, inter alia, that if the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000.00 for each violation of the Act; and
25. By virtue of the foregoing, Juan Paez and Paez Real Estate Funding are subject to a fine of up to \$10,000.00 per violation and an order which permanently prohibits the Respondents from offering or selling securities in the State of Illinois.

WHEREAS, the Respondents have acknowledged and agreed that the allegations contained in paragraph eight (8) of the Stipulation shall be adopted as the Secretary of State's Conclusion of Law as follows:

1. That by virtue of the foregoing, Paez Real Estate Funding and Juan Paez have violated Sections 12.A, C, D, F, G and I of the Act; and
2. That by virtue of the foregoing, Paez Real Estate Funding and Juan Paez are subject to a fine of up to \$10,000 per violation and an Order of Prohibition.

NOW THEREFORE IT IS HEREBY ORDERED THAT:

1. The allegations contained in paragraphs seven (7) and eight (8) of the Stipulation shall be and are hereby adopted as the Secretary of State's Findings of Fact and Conclusion of Law;
2. The Respondents shall pay a Fine of \$5,462.43 to the Securities Audit and Enforcement Fund by check made payable to the Secretary of State within thirty (30) days from the entry of the Consent Order;

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3. Paez Real Estate Funding and Juan Paez are hereby PROHIBITED from offering and/or selling securities in the State of Illinois; and
4. The formal hearing scheduled on this matter is hereby dismissed without further proceeding.

ENTERED: This 14<sup>th</sup> day of November, 2006.

Jesse White 

JESSE WHITE  
Secretary of State  
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act"). Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of a Class 4 felony.

Attorney for the Secretary of State:  
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